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To the Board  
Coloma Charter Township & City Cemetery  
Coloma, Michigan

In planning and performing our audit of the financial statements of the Coloma Charter Township & City Cemetery for the year ended March 31, 2004, we considered the Cemetery's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. The consideration we gave to the internal control structure was not sufficient for us to provide any form of assurance on it. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions are significant deficiencies in the design or operation of the internal control structure that have come to our attention and, in our judgement, could adversely affect the Cemetery's ability to record, process, summarize, and report financial data consistent with management's assertions inherent in the financial statements. This report contains items considered to be reportable conditions, as defined above, as well as other items we feel warrant your consideration.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, the first item below is a reportable condition that we believe to be material weakness.

## **SEGREGATION OF DUTIES**

Control over cash transactions is not adequate due to insufficient segregation of duties. One individual is responsible for all cash receipt and cash disbursement transactions. Management does not feel it is cost effective to add staff to separate these functions.

## **BUDGET VARIANCES**

When comparing budgeted numbers to actual results for the fiscal year, we noted several variances between amounts budgeted and final actual expenditures. Since the budget process includes a great deal of estimating, it is not unusual for significant variances to develop. We recommend the Cemetery Board monitor expenditures in the various funds and appropriately amend the budget to maintain compliance with State budget regulations.

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To assist you in your future budgeting efforts, following is a reminder of the requirements the Cemetery Board must comply with as part of the Uniform Budgeting Act (P.A. 621):

- A budget must be adopted for the General Fund.
- The budget must be balanced, including beginning fund balance.
- The budget must be amended when necessary.
- Public hearings must be held before the budget is adopted.
- Expenditures cannot exceed budget appropriations.
- Expenditures must be authorized by a budget before being incurred.

We sincerely thank you and appreciate the courtesy and cooperation extended to us by you and the members of your organization during the audit. We appreciate the opportunity to present these recommendations for your consideration and will be pleased to discuss them further at your convenience.

This report is intended solely for the information and use of the management, and others within the organization.

*Plante & Moran, PLLC*

May 13, 2004